

Senate File 475 - Introduced

SENATE FILE 475

BY JOHNSON and HART

A BILL FOR

- 1 An Act creating a home modification tax credit available
- 2 against the individual income tax, and including retroactive
- 3 and other applicability provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.10A Home modification tax
2 credit.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. *"Age in place"* means the ability to live in one's own
6 home and community safely, independently, and comfortably,
7 regardless of age, income, or ability level.

8 b. *"Dependent"* has the same meaning as provided by the
9 Internal Revenue Code.

10 c. *"Disability"* means the same as defined in 42 U.S.C.
11 §12102.

12 d. (1) *"Eligible individual"* means an individual who has
13 net income for the tax year equal to two hundred fifty percent
14 or less of the United States poverty level, as defined by the
15 most recently revised poverty income guidelines published by
16 the United States department of health and human services, and
17 who meets one of the following requirements:

18 (a) The individual has a disability.

19 (b) The individual has a dependent with a disability.

20 (c) The individual, or a dependent of the individual, has
21 a chronic condition the progression of which will require a
22 permanent modification or permanent technology enhancement to
23 the individual's or dependent's primary residence within three
24 years in order to allow the individual or dependent to remain
25 in the home and age in place.

26 (2) In order to qualify as an eligible individual, the
27 individual or the dependent must obtain a signed verification
28 from the individual's or dependent's primary physician
29 documenting the presence of one of the requirements in
30 subparagraph (1), subparagraph divisions (a) through (c).

31 (3) For purposes of determining the net income threshold in
32 subparagraph (1), the combined net income of a husband and wife
33 shall be considered.

34 e. *"Home modification expenses"* means expenses incurred in
35 the permanent modification or permanent technology enhancement

1 of a home that permits the resident to remain in the home. The
2 department shall establish criteria, by rule, for determining
3 what constitutes a home modification expense.

4 *f. "Physician"* means an individual authorized to practice
5 medicine and surgery or osteopathic medicine and surgery under
6 the laws of any state.

7 2. The taxes imposed under this division, less the credits
8 allowed under section 422.12, shall be reduced by a home
9 modification tax credit equal to the first two thousand five
10 hundred dollars of unreimbursed home modification expenses paid
11 or incurred by an eligible individual during the tax year in
12 connection with residential property located in Iowa that is
13 the primary residence of the eligible individual or a dependent
14 of the eligible individual.

15 3. Any credit in excess of the tax liability is refundable.
16 In lieu of claiming a refund, the taxpayer may elect to have
17 the overpayment shown on the taxpayer's final, completed return
18 credited to the tax liability for the following tax year.

19 4. This section shall not be construed to prohibit
20 a taxpayer from deducting home modification expenses in
21 determining net income or taxable income for state income tax
22 purposes if otherwise allowed under state law.

23 5. The department shall adopt rules under chapter 17A
24 to administer this section, including but not limited to
25 rules establishing allowable home modification expenses.
26 In determining allowable home modification expenses, the
27 department shall consult with the prevention of disabilities
28 policy council established under chapter 225B. For purposes
29 of providing consultation to the department pursuant to this
30 subsection, the prevention of disabilities policy council shall
31 seek input from stakeholder groups in this state, including
32 but not limited to the department of human services, the
33 department for the blind, the department of human rights, the
34 department of education, including the division of vocational
35 rehabilitation services, and the statewide independent living

1 council.

2 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
3 retroactively to January 1, 2015, for tax years beginning on
4 or after that date.

5 Sec. 3. APPLICABILITY. This Act applies to home
6 modification expenses paid or incurred on or after the
7 effective date of this Act.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill creates a home modification tax credit available
12 against the individual income tax for the first \$2,500 of
13 unreimbursed home modification expenses paid or incurred by
14 an eligible individual during the tax year in connection with
15 residential property located in Iowa that is the primary
16 residence of the eligible individual or a dependent of the
17 eligible individual.

18 An individual is an "eligible individual" if the individual
19 does not have net income (including his or her spouse's net
20 income) in excess of 250 percent of the U.S. poverty level,
21 and if the individual meets one of the other conditions
22 specified in the bill. The individual must be disabled or have
23 a dependent who is disabled, or the individual or dependent of
24 the individual must have a chronic condition that will require
25 a permanent modification or permanent technology enhancement to
26 the primary residence within three years in order to allow the
27 individual or the individual's dependent to remain at home and
28 age in place. The disability or chronic condition requirements
29 must be documented by a signed verification from the primary
30 physician of the individual or dependent. "Age in place",
31 "dependent", "disability", and "physician" are all defined in
32 the bill.

33 The tax credit is refundable. To the extent the home
34 modification expenses are otherwise deductible under Iowa law
35 for state income tax purposes, the bill allows the expenses to

1 be deducted and claimed under the home modification tax credit.

2 The bill defines "home modification expenses" as expenses
3 incurred in the permanent modification or permanent technology
4 enhancement of a home that permits the resident to remain in
5 the home, but requires the department of revenue (department)
6 to adopt rules establishing allowable home modification
7 expenses and criteria for determining what constitutes home
8 modification expenses. In adopting rules, the department is
9 required to consult with the prevention of disabilities policy
10 council (council), and the council is required to consult with
11 various stakeholders.

12 The bill applies retroactively to tax years beginning on or
13 after January 1, 2015. The bill applies to home modification
14 expenses paid or incurred on or after July 1, 2015.